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Held at the Vienna International Centre, Vienna,
on Monday, 7 November 1994, at 3 p.m.

President: Mr. EL HUSSEIN (Sudan)

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The meeting was called to order at 3.25 p.m.

ORGANIZATION OF WORK (continued)

1. The PRESIDENT said that the Bureau had recommended the establishment of informal in-session consultations to facilitate the drafting of decisions. Experience had shown that such consultations made it easier to reach consensus on draft decisions. All members of the Board were urged to participate in the consultations. The Bureau had also recommended that Mrs. Ok (Turkey) should chair the consultations in her capacity as a Vice-President of the Board, as she had done at the previous session. Draft decisions would not be discussed in consultations until the debate on the subject in the plenary was over.

2. The above recommendations were adopted.

3. The PRESIDENT said that the Bureau had received a request from the representative of the staff with regard to the presentation of the staff's views to the Board at its present session. The Board would recall that the General Conference, in resolution GC.4/Res.29, had invited the

Chairperson of the Staff Council through the Director-General "to provide for consideration to the Member States if necessary the views of the staff ... during the regular sessions of the Industrial Development Board". The Bureau had recommended that such a presentation should be made as early as possible in the consideration of agenda item 3.

4. The above recommendation was adopted.

UNIDO POLICY FRAMEWORK - ORGANIZATION AND STAFF STRUCTURE (continued) (IDB.13/27, IDB.13/31; IDB.13/CRP.1)

5. Mr. LILLIE (President, Staff Council) said that recent criticism of international organizations as useless bureaucracies had not spared UNIDO. Bureaucracies might be unlovable, but that did not make them dispensable. The purpose for which UNIDO had been created was still valid: to expand the industrial sector of developing countries in order to ensure their economic and social development, fulfil the basic needs of their peoples and combat poverty and environmental degradation. That was the challenge of sustainable industrial development which UNIDO had to face.

6. The concept of sustainability also applied to the Organization itself, yet the content of its work was still being questioned. Agreement on its priority programmes that met recipient country requirements, enjoyed full support of Member States and attracted funding would help to reinvigorate the Organization, restore its clarity of purpose and curb the inroads into its mandate which other international bodies were making. Those programmes required the support of all concerned - donors, recipients and the Secretariat.

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7. In the absence of considered and complete support, UNIDO would continue to suffer a decline in its operational budget and consequently in its effectiveness. The staff were convinced that, given the tools and resources, and provided that others shared their conviction, the Organization could do its job well. The present session offered Member States an opportunity to provide unequivocal guidance on and an agreed view of what UNIDO should be doing to serve the needs of its constituents. The staff were conscious that an effective and dynamic response to client country needs called for improvements in efficiency, quality and cost-effectiveness and hoped such efforts would be matched by an equal measure of commitment on the part of others involved in the development process.

8. The statement of the staff to the Board at its present session (IDB.13/31) touched on their concern over the low level of operational funding and put forward suggestions for lessening the strain on the operational budget. The statement also dealt with the moves to improve performance appraisal and training and the need for equitable geographical representation and proper gender balance, as well as with the moves to simplify procedures, to improve efficiency, cost-effectiveness and transparency and to encourage accountability and teamwork. A great deal was being demanded of the staff; in return, the Organization should strive to be a model employer. The Secretary-General and his colleagues on the Administrative Committee on Coordination shared the staff's concern about the functioning of the International Civil Service Commission - the regulators of common system salaries and terms of employment. FICSA had adopted a policy of non-cooperation with the Commission and its affiliate bodies.

9. The staff's anxiety at the threatened erosion of conditions of employment in respect of home leave entitlement was spelt out in paragraphs 39 and 40 of its paper. The staff doubted whether real scope existed for further significant savings in that item of expenditure, a view borne out by the conclusion in paragraph 26 of the Secretariat's note on home leave entitlements (IDB.13/CRP.5) that UNIDO's present practices were cost-effective. The note rightly indicated that possibilities for achieving further savings "without depriving staff of benefits" should be explored jointly by staff and management. Consultation between them on that issue was more appropriate than its consideration by the Board, which should devote its undivided attention to major issues such as the operational future of the Organization.

10. He expressed the staff's appreciation for the opportunity afforded them to make their views known to the Board. The success of UNIDO was contingent upon a sense of common purpose linking staff, management and Member States.

11. The PRESIDENT conveyed to the staff the Board's appreciation for their valuable remarks, which would receive due consideration. The role of the staff complemented that of the Board in policy determination and was crucial in translating the Board's decisions into action.

12. Mr. AHLANDER (Sweden) suggested that a timetable might usefully be set for the major steps in UNIDO's reform. The structure of the refashioned Organization was becoming visible, and the

Director-General's progress report (IDB.13/27) provided a comprehensive picture of what UNIDO's principal activities would be, but the language used made it very difficult to understand exactly what the Organization would be doing in practice and what changes would actually take place. The document described activities that would be strengthened, as well as programmes that would be introduced to meet new demands, but unfortunately it said nothing about those which were obsolete or of marginal utility or simply ineffective. To discuss what UNIDO should stop doing was just as important as talking about its priorities.

13. The Organization had to strike a difficult balance between working efficiently in a few selected fields and remaining demand-oriented. In that connection he had been interested to hear the Director-General, in his introductory statement, explain how UNIDO dealt with project proposals, rejecting a fair number which were not in keeping with its new profile. His delegation welcomed the Director-General's undertaking to provide a synthesis of present prioritization criteria before the next session of the Programme and Budget Committee. It also approved of the prominence given to human resource development, as well as the integration of gender considerations into all UNIDO's activities and the efforts made to remove constraints that prevented women from being not only full participants in development but themselves entrepreneurs.

14. He commended the progress made in the fields of institutional support and private sector development, small and medium enterprises, and environment and energy. It was right that UNIDO's limited resources should be concentrated on policy-making activities rather than on direct assistance to enterprises. His delegation appreciated the Organization's continued involvement in the follow-up to the United Nations Conference on Environment and Development and its general response to the challenge of sustainable development.

15. It was also grateful for UNIDO's declared willingness to work with other international agencies in the area of industrial policy, planning and projects, as well as its intention to send programming missions to selected developing countries. If properly prepared, such missions could be a suitable alternative to permanent field representation. His delegation looked forward to the submission of proposals by the Director-General to the Programme and Budget Committee at its next session on the rationalization of United Nations field representation. In conclusion, he expressed his Government's support for the Director-General and his reforms.

16. Mr. AL NOWAISER (Saudi Arabia), speaking on behalf of the Arab countries Members of UNIDO, said that they had fully assisted in the process of restructuring the Organization and reformulating its priorities. They reiterated their commitment to UNIDO and their support for its work, especially in the Arab region, and they hoped to participate more fully in its staff structure. They attributed great importance to the Organization's programmes for human resources, transfer of technology and training for the benefit of the Arab region. UNIDO's cooperation with the Montreal Fund for Development should be extended to include the facilitation of non-polluting technologies and their acquisition by developing countries.

17. With regard to the Organization's finances, the operational budget should be expanded through the attraction of funds from new, non-traditional sources. As far as the medium-term plan was concerned, UNIDO's regional programmes should receive the fullest possible support. The programme for the Arab region was a significant element in its activities for development and would be helped by an increase in the number of UNIDO offices in the region.

18. The Arab countries hoped that the cooperation agreement concluded in June 1994 between the League of Arab States and the Organization would result in specific programmes and projects for the Arab region. They welcomed the extremely effective contribution made by UNIDO to the preparation of the conference of Arab Ministers of Industry held in the same month.

19. Mr. BENATTALLAH (Algeria) said that despite the increased interest being shown by developing countries in their industrialization, most of them, and especially those in Africa, had derived no advantage from the growth which had taken place in industrial capacity. While it was clear that industry was the driving force in development and that industrialization was a vital means of tackling national problems of population growth and unemployment, the majority of developing countries were in no position to deal with the sophisticated demands of industrial competition. What was more, their day-to-day experience of cooperation with UNIDO led them to conclude that its financial position was too precarious for it to help them overcome that situation. The developing countries therefore questioned whether the will existed for the Organization to function as a worthwhile institution.

20. With regard to the Director-General's report on the item (IDB.13/27), his delegation agreed that the management and coordination mechanisms which had accompanied the introduction of the new organizational structure needed time to achieve their purpose. His delegation had noted the moves to establish units which matched the priorities set by the General Conference at its fifth session, as well as the welcome progress achieved in the areas of institutional support and private sector development programmes, small and medium enterprises, and environment and energy. Staff recruitment and promotion was an essential element in the restructuring exercise. The Secretariat should continue to identify and recruit suitable candidates from non-represented or underrepresented countries, and particularly African and Arab candidates.

21. Turning to document IDB.13/12 and Add.1, he pointed out that since privatization was now playing a central role in the restructuring programmes for rehabilitating industrial enterprises, UNIDO's technical assistance in diagnosing economically and commercially viable industrial enterprises was needed more than ever. In Algeria the question of privatization was being studied and an appropriate law would shortly be passed.

22. Promoting industrial investment was an important part of UNIDO's activities, and his delegation strongly encouraged the Director-General to increase the volume of such activities by strengthening the administrative service in charge of industrial development and by improving the

technical assistance necessary for opening investment promotion offices in countries that requested such assistance. His delegation would like to receive the draft standard agreement between UNIDO and host Governments on Investment Promotion Service offices as soon as it was available. The problem of the salary of the officials to be employed by the offices might be solved by bilateral arrangements.

23. In connection with agenda item 5 (Report of the Programme and Budget Committee), he had two points to make.

24. Firstly, in view of the financial situation, his delegation again appealed to those States that had not yet paid their contributions to do so. Document IDB.13/22 showed that under the 1994/95 regular budget there would be savings due to the high rate of vacancies in both the Professional and General Service categories, and also some additional economies. He wondered whether the high rate of vacancies might not have an adverse effect on programmes and projects. None the less, redeployment of staff to external services was a good idea. The operational budget, from which technical assistance expenditure was met, was experiencing difficulties because of a decrease in resources from UNDP and in voluntary contributions. His delegation would therefore encourage the Secretariat to do its best to stabilize the budget and to ensure that the expenditure on technical assistance did not decrease so far as to affect major programmes, particularly the programme for the Second Industrial Development Decade in Africa.

25. Secondly, the UNIDO Country Director Programme was experiencing grave financing problems and the number of directors would probably have to be reduced if further resources were not found. The Arab programme, in particular, was a poor relation. In its statement to the Board at its twelfth session his delegation had asked whether negotiations should not be started with UNDP to amend the agreement of April 1983 between UNIDO and UNDP in order to find a way out.

26. The Secretariat's proposal in document IDB.13/29 to finance the programme until the end of 1995 through regular budget resources that became available as a result of vacancies and economy measures was an acceptable temporary solution. Funding the programme from part of the Industrial Development Fund was also a provisional solution, since the Fund depended on contributors' goodwill. His delegation suggested that the Secretariat should seek a final solution similar to the one adopted by the International Labour Organisation namely that the programme should be almost fully covered by the UNIDO regular budget.

27. Mr. KOSTENKO (Observer for Ukraine), referring to document IDB.13/27 (UNIDO policy framework - organizational and staff structure), said that although the results achieved were on the whole positive, their impact on improving the Organization's effectiveness was not yet very significant and that it was therefore necessary to continue the process of reform.

28. He welcomed the efforts made by the Secretariat to improve the Organization's management and coordination mechanisms, but noted that the process was far from completed. In

particular, he drew attention to an apparent contradiction between the aim of raising the quality of programmes and the way the time-limits for their execution were constantly extended. Quality control was of the utmost importance at all stages of a project. The present mechanism was far from perfect and needed significant adjustment, particularly in order to cut down the time required for the execution of projects and thus allow the Organization to meet the needs of Member States more effectively.

29. With regard to the identification of priorities for UNIDO activities, the practice of studying the trend in the demand for the Organization's services, especially at the regional and subregional levels, should be continued. In that connection, he drew attention to the specific problems currently facing countries with transitional economies and consequent financial constraints. He welcomed the establishment of a task force within the Secretariat for action in such countries and hoped that it would be able, in close collaboration with representatives of the countries concerned, to formulate not just a general strategy but also specific priorities for UNIDO's assistance to countries in transition. On such assistance would depend to a large extent their ability to re-establish their industrial capacity and hence to aid those developing countries in their turn.

30. Recruitment for posts at all levels in the Secretariat should be based on equitable geographical representation. He therefore welcomed the efforts being made to give priority to candidates from non-represented and under-represented countries. Ukraine itself had not been represented in the Secretariat for nearly two years, and he therefore hoped that steps would soon be taken to remedy the situation.

31. In conclusion, he expressed his appreciation to delegations and to the Secretariat for their support for the efforts being made by his country in a period of far-reaching political change.

32. Mr. ARCILLA (Philippines) said that while his Government fully supported the revised structure and objectives of UNIDO as redefined at Yaoundé, it was also aware that if UNIDO was to continue to enjoy the support of its Members it would have to prove its viability and continuing relevance. While its relevance had been confirmed at Yaoundé, its viability would largely depend on the attitude of its Members, in particular the developed countries, and of the Secretariat.

33. There were those who said that the reform process was not going well. His delegation, however, agreed with the Director-General that the reformed UNIDO needed a little more time to prove itself, though it should not take too long to do so. There were certain practices that had nothing to do with the restructuring process which could easily have been rectified without any need for further time. For instance, it was constantly said that staff travelled too much and that officials were invariably on mission when delegations needed to get in touch with them. He had recently been informed that five Secretariat officials had travelled to China at the same time. He wondered whether they had gone to different regions, or whether they had stayed together, in which case perhaps only one or two of them might have sufficed. There was,

moreover, a UCD in China whose services could have been used.

34. He stressed that the reform must not end with organizational and administrative changes, which were merely the starting points for UNIDO's efforts to fit itself for the achievement of its objectives. With that in mind, his delegation endorsed the view of the staff in document IDB.13/31 (para. 10) that effective and dynamic response to client country needs could only be assured through simpler procedures, improved efficiency and enhanced cost-effectiveness, which in turn derived from greater transparency, fuller accountability and closer teamwork. Simplicity was being pursued through such measures as the introduction of the service management process, a procedure which could be extended to other areas. Efficiency was being improved through technical re-training, skills upgrading and the introduction of a merit award system. Greater cost-effectiveness was evident in the savings achieved in various areas. However, the crux was whether or not after all such steps had been taken the Organization was more effective in meeting the requirements of the developing countries.

35. His delegation believed that greater transparency was of prime importance in the Organization's activities. There was a need for constant updates on the progress of projects, for information on the activities required to ensure their implementation and for constant consultation on opportunities for new projects and the means available for translating them into reality. The Organization lacked a system to keep member countries informed of developments and involved in activities concerning their countries. Unlike other specialized agencies, UNIDO had no identified liaison office dealing with activities involving any one country at any given time. For instance, while there was an officer responsible for the Philippines under the Asia and Pacific Programme of the Country Strategy and Programme Development Division, he was not privy to all the information on projects involving the Philippines, particularly those being dealt with by other divisions. Permanent Missions were not informed when consultants or Secretariat officials visited their countries, and they were not informed of the purposes or the results of such visits. The whole reason for the presence of the Permanent Missions in Vienna was to serve as UNIDO's conduit to member Governments, and he therefore urged the Secretariat, in addition to pursuing greater coordination with other organizations, to strengthen its linkages with member countries through their Permanent Missions.

36. With reference to the UCD programme, he said that the presence of such officers in the recipient countries was intended to make the delivery of UNIDO's services more effective and to promote cost-efficiency by minimizing unnecessary travel by Secretariat members.

37. The instrument through which the Organization achieved its objectives was its staff, who must meet the highest standards of efficiency, competence and integrity. However, it was equally important that there should be more equitable geographical representation in the Secretariat, particularly in middle- and senior-level posts. Recruitment and promotion activities should be aimed at attracting professionals from the developing countries, which were not short of

qualified individuals. He urged the Director-General to implement in full General Conference resolution GC.5/Res.18 and Board decision IDB.12/Dec.9 in that regard.

38. At Yaoundé the notion of global interdependence had been reaffirmed. The industrialization of the developing countries was essential for world-wide growth and equilibrium. It in turn required a favourable international economic environment, which had to be generated principally by the policies of the major Powers, because of their weight in the global economy. The objective was ultimately to utilize industry as a vehicle for generating optimal sustainable improvement of human well-being in the developing world. In his delegation's view, UNIDO offered a means of achieving that objective.

39. Mr. BACH MUGHEL (Observer for Yemen) expressed appreciation for the excellent work of the management of UNIDO since the last session of the Board and thanked the Secretariat for its activities in implementing the resolutions of the Fifth General Conference, including in particular organizational, administrative and financial reforms intended to take account of recent changes in the world.

40. His delegation endorsed the proposals made by the Group of 77 and the Arab Group, which were designed to increase the Organization's effectiveness in carrying out the aims of the Yaoundé Declaration, especially with regard to the least developed countries.

41. The problems of manpower development, the transfer of technology, the supply of industrial expertise and the establishment of a national industrial cadre in the least developed countries were among UNIDO's highest priorities. Industrial cooperation programmes supported and promoted by UNIDO and donor countries to meet the needs of the developing countries had to be given clear objectives and the necessary conditions for successful and cost-effective implementation if they were to yield the desired benefits.

42. His delegation supported UNIDO's practice of seeking equitable geographical distribution of staff as well as its efforts to transfer its expertise to the least developed countries. It was in favour of increasing the number and effectiveness of UNIDO country bureaux, which played an important part at both the national and the regional level. Due attention should be given to assessing the impact of UNIDO's industrial development programmes in the least developed countries.

43. Mr. ONSY (Egypt) said that it was still too early for a final assessment of the results of the reform process. Regarding organizational and priority issues, his delegation fully agreed with the attention accorded to programming activities, including the elaboration of country programming briefs containing data on the economic and industrial sectors of individual developing countries, the preparation of country strategy notes and the dispatch of programming missions to selected countries. It was to be hoped that such measures would lead to practical programmes and activities that were more effective in meeting the developing countries' requirements.

44. On the question of prioritization, his delegation shared the view that industrial

development was to be regarded as the main means of achieving the economic and social development of the developing countries. The definition of UNIDO's priorities should take place within the framework of all the development objectives and priority themes set by the Yaoundé Conference, taking into account the developing countries' differing circumstances and the need to preserve UNIDO's capacity to respond to their varying requirements. Any disturbance of the current balance of priorities would run counter to the Yaoundé Declaration, cause resources to be squandered and hamper the reform process.

45. Regarding personnel policy, his delegation considered that a lack of adequate teamwork and coordination in decision-making among the various units of the Organization, together with their slowness in responding to Member States' needs, had a negative effect on UNIDO's performance. Remedial action was called for in order to ensure strict control and a clear definition of staff responsibilities. His delegation had also noticed a fall in the rate of filling vacancies and an imbalance in the filling of vacancies in certain sections where lack of sufficient personnel would have a significant impact on the performance of the Organization as a whole. Additional information should be provided on the vacancy rates for each section. Finally, he wished to reiterate his delegation's previous requests that the principle of equitable geographical distribution should be fully respected in new appointments, particularly to senior management posts.

46. Mr. PUTHO (Thailand) said that his delegation fully supported the Director-General's efforts in connection with the restructuring of UNIDO. On the question of decentralization, it wished to propose that three subregional offices should be established in the near future, albeit on a pilot basis. That proposal had its origins in the fourth session of the General Conference, when his delegation had pointed out that decentralization was a key to success in modern management and had called for support for the idea of setting up UNIDO regional offices. At present, the Organization lagged far behind most comparable specialized agencies in the United Nations system, and the application of decentralization measures by the Organization was therefore a matter of urgency.

47. Regarding personnel policy, his delegation had noted with interest the relevant observations contained in the progress report of the Director-General (IDB.13/27). It wished to emphasize that the representation of the developing countries in the Secretariat needed to be improved if the principle of equitable geographical distribution was to be upheld. It accordingly appreciated the continuing efforts to recruit candidates from unrepresented and under-represented countries. Further efforts were called for, however, without prejudice to the need to ensure the highest standards of efficiency, competence and integrity of the staff employed. Such standards could be met by candidates from developing countries.

48. His delegation was surprised to see a reference in paragraph 63 of the report to the need to prevent sexual harassment, which implied the existence of such practices in the Secretariat. Staff members at all levels of international organizations such as UNIDO must observe the

highest standards of ethical conduct, and the introduction of punitive measures was thus advisable.

49. On the question of structural changes within the United Nations system, it was reported that the Commission on Global Governance in its report entitled *Our Global Neighbourhood*, to be published in early 1995, would put forward proposals possibly including the abolition of the regional economic commissions, the United Nations Conference on Trade and Development and UNIDO. His delegation would approach any such proposals with an open mind, but pending the official release of the report, it would refrain from making any further comments.

50. Mr. YIGEBRU (Ethiopia) noted with satisfaction the efforts made in a number of areas towards the implementation of General Conference resolutions on UNIDO's policy framework and other related issues. In the area of management measures, the preparation of country programming briefs was an encouraging first step towards ensuring close linkage between the changing requirements, demand pattern and priorities of developing countries and the prioritization of UNIDO's services. The preparation of country strategy notes under the overall supervision of UNDP Resident Coordinators was also a useful element. His delegation attached particular importance to the programming missions to be launched to various developing countries and believed that special emphasis should be placed on the least developed countries, particularly in the African region.

51. On the issue of prioritization, his delegation viewed with interest the five development objectives and corresponding clusters of services and activities described in the progress report (para. 10 ff.). Although the establishment of objectives was a first and essential step in any endeavour, maximum efforts needed to be deployed in the actual realization of those objectives. The preparation of priority theme papers and the steps currently being taken to define clusters of interrelated priority programmes in Africa were commendable. His delegation had observed with keen interest the progress made in developing and implementing demand-oriented UNIDO services in various substantive programme areas (paras. 23-44) and hoped to see further progress in that connection as the prioritization process continued.

52. Regarding UNIDO field representation, his delegation had noted that the Steering Committee on Field Representation was conducting studies on relevant issues with a view to making recommendations, on the basis of which revised proposals would be submitted to the Programme and Budget Committee at its eleventh session.

53. Concerning personnel policy, his delegation believed that further efforts should be made to recruit candidates from developing countries, particularly to senior posts, and to achieve a better geographical balance within the Secretariat.

54. Mr. ARASTOU (Islamic Republic of Iran) welcomed the fact that the process of organizational reform was now complete and that UNIDO was in a position where it could intensify its efforts towards the realization of its new development objectives and the priorities stemming

from them. In the attainment of those objectives, UNIDO needed the practical support of Member States, particularly in the provision of financial resources.

55. On the question of prioritization, it was clear that priorities differed among the various groups of countries receiving technical assistance from UNIDO. However, there was a persistent need among all developing countries for the Organization's services in such areas as industrial pollution, private-sector investment and privatization, irrespective of their levels of development.

56. Regarding personnel policy, his delegation supported the efforts being made towards achieving equitable geographical distribution of staff at all levels of the Secretariat and hoped that particular attention would be paid to recruiting nationals of developing countries. Training and retraining of staff were important in increasing the expertise of the Secretariat. In the recruitment of new staff members, integrity, experience and ability should be taken into account in addition to geographical representation.

57. UNIDO should increase its involvement in the activities of the United Nations. Industrial development was generally recognized today as a means of contributing to the economic and social development of the developing countries. UNIDO thus needed to coordinate its activities with other development agencies in the United Nations system and take advantage of their resources and facilities in order to enhance its own programmes. UNIDO's participation in major international conferences was of paramount importance and would provide an opportunity to familiarize other participants with the Organization's new objectives and priorities and to enlist their support.

58. Mr. S.-Y. LEE (Republic of Korea) expressed his delegation's support for the measures taken by the Director-General since the Yaoundé Conference to streamline organizational structures, improve management and ensure economy and efficiency, placing UNIDO in a position to fulfil its new responsibilities. It was still too early to assess the impact of the restructuring process but UNIDO was moving in the right direction. The new framework was being established, but UNIDO also required new activities based on the policy lines endorsed by the Yaoundé Conference.

59. Referring to the Director-General's report on the policy framework of UNIDO, his delegation fully agreed with the importance attached to improving programming activities so as to ensure close links between the developing countries' real needs and UNIDO's capacity to meet them. It looked forward to periodical progress reports on that subject. Overemphasis on individual country programmes could lead to UNIDO's activities being too thinly spread and would prevent it from advancing on all fronts, as it needed to more than ever in view of its limited financial resources. Special attention should be given to Africa and to the least developed countries. The Director-General should pay equal attention to different regions and sectors in UNIDO's programming. Industrial policy could vary considerably depending on the level of industrialization in the region, and one of UNIDO's main advantages lay in its strong sectoral orientation.

60. His delegation welcomed the Director-General's report on the progress made in the internal screening process and quality control and urged him to continue his efforts to implement the measures set out in document IDB.12/8. It noted that UNIDO had made progress in priority areas such as private sector development, small and medium enterprises and environment and energy and had been encouraged to see that the Organization was playing a greater part at the policy level and with regard to operational initiatives in the framework of the Commission on Sustainable Development.

61. While understanding the disquiet felt by some Member States regarding the pace of progress in prioritization, he felt that the exercise should not be hurried and looked forward to receiving priority theme papers, and especially criteria for the selection and rejection of projects, as soon as possible. UNIDO should further strengthen its capacity to provide vital information and objective forecasts for the industrial and technological development of developing countries. Such publications, if distributed to UNIDO's partners, particularly industrialists, would enhance its image and help to attract new financial resources.

62. His delegation believed that UNIDO's representation in the field should be strengthened at the country and subregional levels and his Government was ready to make concrete contributions to assist in setting up such field representation in its region. It looked forward to discussing that matter at the next session of the Programme and Budget Committee.

63. His delegation wished to encourage UNIDO to increase its participation in United Nations system-wide forums and debates so as to attract the attention of the international community to the urgent need for cooperation in the field of industrialization. The Secretary-General of the United Nations had prepared an agenda for development which recognized the importance of economic growth as the driving force of development as a whole, but did not give enough prominence to the role of industrialization in promoting economic growth. Every effort should be made to rectify that situation before the agenda for development was adopted at the current session of the General Assembly, since it would have considerable impact on the future development activities of the entire United Nations system. Similarly, UNIDO should continue to take part in the preparations for the World Summit for Social Development so as to make sure that the indispensable role of industrial development in dealing with social problems might be properly reflected in the discussions and documents of that meeting.

64. His delegation appreciated the efforts made by the Director-General to achieve suitable placement of staff in the new organizational structure. There should be a stronger system of incentives and disincentives so as to improve staff motivation, competition and accountability. The highest standards of efficiency, competence and integrity should be maintained in recruiting staff, but the principle of wide and equitable geographical representation should also be observed. Consideration should continue to be given to candidates from countries unrepresented or underrepresented in the Secretariat.

65. His delegation shared the view that the Director-General should be given more flexibility in implementing the current reform. It also considered that the time had come to give serious consideration to the possibility of raising the limit of 6 per cent of the regular budget for technical cooperation. It had always been in favour of increasing dialogue and interaction among the recipient countries, the donor countries and the Secretariat. It had therefore been glad to hear that the Director-General intended to arrange for periodical meetings to be held with interested Member States to review the progress of project development and specific priority programmes with the Secretariat staff involved.

66. In conclusion, he reiterated his Government's firm commitment to the renewed objectives and priorities of UNIDO as a restructured organization and its continued full support for the activities of the Organization under the leadership of the new Director-General.

67. MR. GUPTA (India) welcomed the Director-General's statement that the Organization was now ready to undertake its new priorities and responsibilities. His delegation considered that UNIDO had made reasonable progress towards reaching the objectives set for it one year previously at Yaoundé. Priorities had been chalked out, activities were being brought into better focus and mechanisms intended to improve the quality and delivery of services had been established. It was, however, also the duty of the recipient countries to ensure more efficient utilization of project funds and fuller integration of downstream services. UNIDO still had a long way to go. His country wished to reiterate its full support for the Director-General and to express the hope that donor countries would now fulfil the commitments they had undertaken in the Yaoundé Declaration.

68. His delegation agreed with the general thrust of part I of document IDB.13/27. With regard to setting priorities, however, the ultimate authority must remain with the General Conference; the Board should simply interpret and adjust priorities within the mandate given by the Conference. The time had come for it to focus more on action than on planning for action.

69. Regarding management measures, he welcomed the efforts made to promote team building and to provide incentives for staff members with a view to stimulating their productivity. Country strategies and briefs should take into account the latest developments in the country concerned, and there should be close consultations with that country to make sure that briefs were realistic and in line with priorities and needs. In view of the limits of UNIDO's field representation, it would be unwise to rely mainly on field offices for that purpose. During country programming missions, it would be worth while to organize at least one meeting in the country concerned with the participation of all multilateral and bilateral donors and business and industry associations, in order to improve coordination and make UNIDO better known at the country level.

70. With regard to the setting of priorities, his delegation believed that efforts should be concentrated on achieving the five major development objectives in each country. It did not, however, agree with the idea of focusing on activities in

certain countries rather than other ones. While several developing countries had indeed made progress in industrial development, that progress had been uneven and fell far short of the objectives set out in the Lima Declaration. Industrial problems in the context of the environment, energy and restructuring, sustainability and the attainment of social development objectives also needed urgent attention. UNIDO must be able to meet the demands of the developing countries and offer a sufficiently broad range of services and activities. He had been glad to note that the Organization intended to take due account of the priorities of recipient countries.

71. His delegation looked forward to receiving further proposals concerning field representation at the next session of the Programme and Budget Committee. In addition to the activities mentioned in paragraph 45 of document IDB.13/27, it might be useful to consult Governments before placing proposals before the PBC.

72. UNIDO should participate more actively in major United Nations meetings in New York and Geneva and take steps to ensure that its activities were adequately taken into account. An intense debate was being held on the future shape of the United Nations system in the new structure for North-South-East cooperation, and particular attention should be given to UNIDO's role in the emerging framework.

73. Regarding personnel policy, his delegation supported the efforts made to improve performance appraisal and accountability, and also the staff training activities undertaken, which should include subjects such as ECDC/TCDC and methods of dealing more effectively with situations in developing countries in relation to technical cooperation activities. Regarding recruitment, it urged the Director-General to make all possible efforts to recruit qualified personnel from the developing countries, and it considered that the composition of bodies such as the Appointments and Promotions Board should be better balanced. His delegation wished to welcome the newly-appointed Managing Directors and looked forward to working closely with them in the future. It wished, however, also to remind the Board of the statement made by the Group of 77 at the previous session that at least four posts at that level should be filled by candidates from the developing countries, as had been the situation at the time of the General Conference in Yaoundé. It was important that the balance should be restored at the earliest possible opportunity.

74. In conclusion, he wished to remind Members of the consensus expressed in the Yaoundé Declaration that a reformed UNIDO should increase the impact of its activities, ensure greater economy and efficiency, improve the quality of its programmes and performance and respond more effectively to the specific demands of Member States. UNIDO and its Member States should work together to achieve those objectives as soon as reasonably possible. India welcomed the Director-General's commitment to increase transparency through periodical informal briefings and subsequent follow-up.

75. Mr. SSENDAULA (Uganda) said that during the current period of unprecedented change the trends in the global economy towards policy deregulation, private sector development, trade liberalization

and new trading arrangements constituted serious challenges, mainly for the developing countries and for African countries in particular. In that context, the situation in most African countries remained a matter of deep concern. The challenges involved in achieving economic and industrial growth had become increasingly complex. He welcomed the fact that implementation of the new UNIDO policy and staff structure had taken into consideration the new driving forces and policy changes in the global economy. He urged UNIDO to continue to give high priority to the development objectives approved within the new policy framework by the Fifth General Conference. He would, however, be grateful for details of how the principle of equitable geographical distribution had been taken into consideration in the new staff structure.

76. Mrs. ROZGONOVA (Slovakia) believed that a great deal had been achieved in the restructuring of the Organization and its staff. All units of the Organization were now aware of their priority assignments, their responsibilities and the units they were expected to work with, and the document "Terms of reference for organizational units of UNIDO" provided a good guide. The two remaining posts of Managing Director had been filled, and UNIDO's management was now ready for action in managing the divisions and defining a strategy for UNIDO closely linked with the mobilization of both traditional and new financial resources for activities under the selected five priorities, with emphasis on areas in which UNIDO had a specific advantage.

77. Referring to the Yaoundé Declaration, her Government had certain reservations concerning UNIDO's approach to the countries in transition. It considered that the units dealing with those countries, such as the Europe Programme and the Industrial Information Section, were seriously understaffed, if one considered the number of countries in Central and Eastern Europe and the former Soviet Union. Field representation in those countries was still no more than symbolic. Her Government believed that UNIDO would not be able to develop cooperation with those countries and prepare an adequate task force to meet their needs and requests if the relevant units in the Secretariat were not strengthened. It welcomed the fact, however, that the Director-General and the Secretariat had recently entered into a dialogue with those countries and hoped that it would lead to broader cooperation beneficial to all.

78. The countries in transition were endeavouring to work out the most effective form of cooperation with UNIDO and submitting their needs and requests for services either through joint committees or on a project-by-project basis. UNIDO's assistance in identifying and solving problems common to all those countries would make the process more efficient and thorough. Her country believed that the relationship between UNIDO and the countries in transition should be open-ended and hoped that UNIDO would act as an innovative coordinator of common activities for those countries on the one hand and for a new type of three-way cooperation between the developing countries, the countries in transition and UNIDO on the other.

79. Mr. WEJTKO (Poland) noted that document IDB.13/27 described the reform as a continuous process made up of elements with different

time-frames, which made an assessment of the progress achieved difficult, especially since some new initiatives would extend far into the future - for example, the efforts described in paragraph 4 to direct the Organization's efforts towards a budget process based on programmes and cost centres. His delegation had been encouraged to note from paragraph 20 that UNIDO had adopted various measures to avoid spreading work too thinly and that the actual range of disciplines and types of services was now limited and better focused than before. It would, however, welcome confirmation of that general statement by concrete examples of progress made and shared the disappointment expressed in that respect by the representative of Germany, speaking on behalf of the European Union and Austria.

80. He agreed with the representative of Switzerland that donors would be reluctant to

provide the funds required until UNIDO found its true place in the United Nations system and that without the necessary funds UNIDO could not play the part it should in the industrialization of the developing countries.

81. He also shared the view that UNIDO's priorities should be better evaluated. Poland covered the costs of its Investment Promotion Service in Warsaw. It would give low priority to advice to the Government on macroeconomic issues, but direct assistance to enterprises, even without the Government's involvement, would be high on its agenda.

82. He was glad to note that the Director-General was continuing to pay close attention to the equitable geographical distribution of posts and that his earlier declaration in that connection would soon be implemented.

The meeting rose at 5.45 p.m.